

ORIGINAL

OPEN MEETING
MEMORANDUM



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2015 APR 23 P 12:04

TO: THE COMMISSION

FROM: Utilities Division

DATE: April 23, 2015

RE: IN THE MATTER OF THE APPLICATION OF ALLIANT GAS, L.L.C. FOR APPROVAL OF A PURCHASED GAS ADJUSTOR SURCHARGE CREDIT FOR THE PAGE-AREA PROPANE GAS DISTRIBUTION SYSTEM (DOCKET NO. G-20889A-15-0102)

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Background

On March 26, 2015, Alliant Gas L.L.C. ("Alliant") filed an application for approval of a Purchased Gas Adjustor ("PGA") credit of \$0.50 per therm beginning June 1, 2015, for its Page-area gas distribution system.

In Decision No. 72750 (January 20, 2012), the Arizona Corporation Commission ("Commission") granted SemStream Arizona Propane, LLC (the predecessor to Alliant) approval of a temporary PGA surcharge for the Page Division, with a rate fluctuating from \$0.35/therm to \$0.55/therm beginning February 2012. In January 2013, after the Page Division's bank balance reached \$0, this surcharge was discontinued. Conversely, on October 25, 2013, the Commission issued Decision No. 74170 authorizing a \$0.25 per therm PGA *credit* based on an over-collection of the bank balance. Since then, propane costs have reduced steadily so that now Alliant is once again in the position of over-collecting. As of January 2015, the over-collected balance exceeded \$60,000 -- the threshold for a credit established in Decision No. 61225.

Alliant has estimated its 12-month forward gas costs, the impact of those estimated costs on its PGA rate, and its bank balance. Alliant believes that without the PGA credit, over-collection could grow to as much as \$450,000 during the next year.

With the implementation of a \$0.50 per therm credit effective June 1, 2015, it should take approximately 11 months to reduce the current over-collection to near zero, and would provide a credit of about \$360 per customer over that time period.

Data analyses and the anticipated impact of the credit are set forth in Exhibit A of Alliant's application. Alternative credits are also provided with estimated outcomes; Alliant, however, believes the best alternative is the \$0.50 per therm credit. Staff has reviewed Alliant's data and analyses and agrees that a \$0.50 per therm credit is a reasonable action to take to reduce the over-collected balance.

Arizona Corporation Commission

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THE COMMISSION


April 17, 2015

Page 2

Alliant also requests that the credit be allowed to terminate when the bank balance is reduced to \$15,000 over-collected, as opposed to \$0, to help avoid potential under-collection. Staff will be reviewing Alliant's monthly PGA reports and may ask that the credit be reduced if the bank balance appears to be going down more rapidly than expected.

Recommendations

Staff recommends that a PGA credit of \$0.50 per therm be approved for Alliant's Page-area gas distribution system to be made effective June 1, 2015, and to continue until the bank balance is reduced to \$15,000 or less over-collected.



Steven M. Olea
Director
Utilities Division

SMO:JJP:vsc\CHH

ORIGINATOR: Jeffrey Pasquinelli

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION
OF ALLIANT GAS, L.L.C. FOR APPROVAL
OF A PURCHASED GAS ADJUSTOR
SURCHARGE CREDIT FOR THE PAGE-
AREA PROPANE GAS DISTRIBUTION
SYSTEM.

DOCKET NO. G-20889A-15-0102

DECISION NO. _____

ORDER

Open Meeting
May 12 and 13, 2015
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Alliant Gas L.L.C. ("Alliant") is certificated to provide gas distribution service as a public service corporation in the State of Arizona.

2. On March 26, 2015, Alliant Gas L.L.C. ("Alliant") filed an application for approval of a Purchased Gas Adjustor ("PGA") credit of \$0.50 per therm beginning June 1, 2015, for its Page-area gas distribution system.

3. In Decision No. 72750 (January 20, 2012), the Arizona Corporation Commission ("Commission") granted SemStream Arizona Propane, LLC (the predecessor to Alliant) approval of a temporary PGA surcharge for the Page Division, with a rate fluctuating from \$0.35/therm to \$0.55/therm beginning February 2012. In January 2013, after the Page Division's bank balance reached \$0, this surcharge was discontinued. Conversely, on October 25, 2013, the Commission issued Decision No. 74170 authorizing a \$0.25 per therm PGA *credit* based on an over-collection of

1 the bank balance. Since then, propane costs have reduced steadily so that now Alliant is once again in
2 the position of over-collecting. As of January 2015, the over-collected balance exceeded \$60,000 --
3 the threshold for a credit established in Decision No. 61225.

4 4. Alliant has estimated its 12-month forward gas costs, the impact of those estimated
5 costs on its PGA rate, and its bank balance. Alliant believes that without the PGA credit, over-
6 collection could grow to as much as \$450,000 during the next year.

7 5. With the implementation of a \$0.50 per therm credit effective June 1, 2015, it should
8 take approximately 11 months to reduce the current over-collection to near zero, and would provide a
9 credit of about \$360 per customer over that time period.

10 6. Data analyses and the anticipated impact of the credit are set forth in Exhibit A. of
11 Alliant's application. Alternative credits are also provided with estimated outcomes; Alliant, however,
12 believes the best alternative is the \$0.50 per therm credit. Staff has reviewed Alliant's data and
13 analyses and agrees that a \$0.50 per therm credit is a reasonable action to take to reduce the over-
14 collected balance.

15 7. Alliant also requests that the credit be allowed to terminate when the bank balance is
16 reduced to \$15,000 over-collected, as opposed to \$0, to help avoid potential under-collection. Staff
17 will be reviewing Alliant's monthly PGA reports and may ask that the credit be reduced if the bank
18 balance appears to be going down more rapidly than expected.

19 **Recommendations**

20 8. Staff has recommended that a PGA credit of \$0.50 per therm be approved for Alliant's
21 Page-area gas distribution system to be made effective June 1, 2015, and to continue until the bank
22 balance is reduced to \$15,000 or less over-collected.

23 **CONCLUSIONS OF LAW**

24 1. Alliant is an Arizona public service corporation within the meaning of Article XV,
25 Section 2, of the Arizona Constitution.

26 2. The Commission has jurisdiction over Alliant and over the subject matter of the
27 application.

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3. The Commission, having reviewed the application and Staff's Memorandum dated April 23, 2015, concludes that the implementation of the PGA credit should be approved as discussed herein.

ORDER

IT IS THEREFORE ORDERED that a Purchased Gas Adjustor credit of \$0.50 per therm is approved for Alliant Gas L.L.C.'s Page-area gas distribution system.

IT IS FURTHER ORDERED that the credit shall be effective June 1, 2015, and continue until the bank balance is reduced to \$15,000 or less over-collected.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2015.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO: JJP:vsc/CHH

Decision No. _____

1 SERVICE LIST FOR: Alliant Gas, L.L.C. - Page Area
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5 Bill Webb
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